

Descriptions of Some Structural Models

Franchise with an Indefinite Term

Under this model, the Public Service Board ("Board") would grant a franchise with an indefinite term to the Energy Efficiency Utility ("EEU"). The franchise could be revoked, but only for cause. When the Board granted the franchise, it could specify conditions that the franchisee must meet, including what portions of Title 30 would apply to the franchisee. The franchisee would be independent from the Board and would be regulated by the Board.

This model is similar to how electric and gas utilities are regulated in Vermont.

Franchise with a Defined Term

Under this model, the Board would grant a franchise with a defined term to an entity to serve as the EEU. The term could be any length, however the length would be specified in advance. At the end of the franchise term, the Board could decide to renew the franchise or to select a new entity to hold the franchise. When the Board granted the franchise, it could specify conditions that the franchisee must meet, including what portions of Title 30 would apply to the franchisee. The franchisee would be independent from the Board and would be regulated by the Board.

This model is similar to how cable television companies are regulated in Vermont.

Separate Legal Entity

Under this model, EEU services would be delivered by a non-governmental entity whose sole purpose is to serve as the EEU. The overall structure of this model could be similar to the current EEU program contractual structure (described below), or it could incorporate a franchise concept.

The Energy Trust of Oregon is an example of a non-governmental entity whose sole purpose is to deliver certain public-purpose programs (although Oregon law defines those to include certain renewable energy services in addition to energy efficiency services). More information about the Energy Trust of Oregon is available at: www.energytrust.org.

Short-term Contract

This is the current model for the EEU. The Board conducts a competitive solicitation and enters into a three-year contract (with an opportunity to renew for an additional three years) with the winner. The bidding process and the contract are subject to state procurement rules.¹ The Board acts as a contract manager, rather than as a regulator, and oversees the contract with the assistance of the Contract Administrator, who is also an independent contractor to the Board. The Department of Public Service verifies the EEU's energy savings claims and conducts market characterization and program evaluation activities. Because the EEU is a contractor to the Board, the Board has prohibited it from serving as a party in proceedings before the Board, and has restricted its ability to provide policy advice to outside entities.

¹State procurement rules limit contracts to two years with an opportunity to renew for two years. Each time a new three-year contract has been entered into, the Board has obtained a waiver of the two-year limit from the Administration.

Long-term Contract

This model could be quite similar to the short-term contract model described above, except that the length of the contract would be different. Another mechanism for achieving a longer-term contract model would be to provide for automatic contract renewals unless specific actions to terminate the contract were taken.

Joint Action Agency

Under this model, a private authority of the State of Vermont would be created to serve as the EEU. The statute would specify the authority's powers and duties. The authority would be regulated by the Board.

This model is similar to the Vermont Public Power Supply Authority. See Chapter 84 of 30 V.S.A. for additional information.

Governmental Body

Under this model, a public benefit corporation would be created to provide EEU services. As with the joint action agency model, the statute would specify the authority's powers and duties. However, the public benefit corporation would have a much closer relationship with state government, and would be considered in many ways to be a part of state government.

This model is similar to the New York State Energy Research and Development Authority. See www.nyserda.org for additional information.

Direct Administration

Under this model, the Board would be directly responsible for the delivery of EEU services. The Board would determine separate budgets for each energy efficiency initiative, issue several requests for proposals for individual energy efficiency initiatives, and would serve as the "general contractor" coordinating the various initiatives.

This model is similar to Efficiency Maine. See www efficiencymaine.org.